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1           WHEREAS, medicaid remains the workhorse of the health care  
2 industry and the most cost-effective way to subsidize health  
3 insurance coverage due to the favorable federal match of nearly  
4 three dollars (\$3.00) for every one dollar (\$1.00) of general  
5 fund money spent; and

6           WHEREAS, the state reduced medicaid spending by forty  
7 million dollars (\$40,000,000) this year, and anticipates a need  
8 for an additional thirteen million dollars (\$13,000,000) in  
9 reductions next year, which may require cutting benefits and  
10 possibly reducing eligibility; and

11           WHEREAS, the legislature and the state executive branch  
12 have worked tirelessly for several years to identify and  
13 implement cost-saving initiatives in the medicaid program,  
14 leaving little room for additional reductions without reducing  
15 access to health care for the most vulnerable citizens; and

16           WHEREAS, several hundred million dollars of New Mexico's  
17 general fund dollars are spent on programs and services often  
18 combined into various categories identified as "health care";  
19 and

20           WHEREAS, while many auxiliary services are indispensable  
21 in providing direct health care, many are complementary but not  
22 critically necessary to those direct services; and

23           WHEREAS, unlike the federal medicare program that for  
24 decades has demonstrated bare-bones administrative expenses of  
25 three percent and sometimes one-half of that figure,

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1 administrative costs of New Mexico's managed care medicaid are  
2 far from clear and generally estimated to be at or above twelve  
3 percent annually; and

4 WHEREAS, the legislature needs to be substantially better  
5 informed on managed care direct-care costs reported from  
6 administrative costs; and

7 WHEREAS, no accounting has been done to determine the  
8 amount of health care spending by the state unrelated to the  
9 direct provision of health care services; and

10 WHEREAS, in order to make informed policy decisions about  
11 the potential for efficient redistribution of dollars, the  
12 legislature would benefit from knowing precisely how much  
13 health care spending does not support the provision of direct  
14 health care services;

15 NOW, THEREFORE, BE IT RESOLVED BY THE LEGISLATURE OF THE  
16 STATE OF NEW MEXICO that the New Mexico health policy  
17 commission in cooperation with the department of finance and  
18 administration be requested to convene a task force to audit  
19 fiscal year 2006 appropriations for health care to determine  
20 how that spending is allocated; and

21 BE IT FURTHER RESOLVED that the audit identify dollars  
22 that are not being used for direct patient care that could be  
23 used to provide an increased state share of funds for medicaid;  
24 and

25 BE IT FURTHER RESOLVED that the task force include

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1 representation from the department of health, the aging and  
2 long-term services department, the children, youth and families  
3 department, the human services department, the corrections  
4 department, the general services department, the commission on  
5 higher education, the vocational rehabilitation division of the  
6 public education department, the taxation and revenue  
7 department and others with knowledge and experience in health  
8 care, as appropriate; and

9 BE IT FURTHER RESOLVED that the audit identify which  
10 dollars can be attributable to direct patient care and which  
11 are used for ancillary purposes; and

12 BE IT FURTHER RESOLVED that the audit identify and justify  
13 the amount and distribution of administrative costs incurred by  
14 managed care organizations in the medicaid program; and

15 BE IT FURTHER RESOLVED that special sources of revenue  
16 utilized for health care appropriations be identified,  
17 including the tobacco settlement fund, revenue from other class  
18 action lawsuits, research grants, foundations, taxation  
19 earmarked or otherwise dedicated to support health care  
20 purposes such as cigarette and alcohol taxes and that the  
21 distribution of those revenues be identified; and

22 BE IT FURTHER RESOLVED that the cost of all commissions,  
23 task forces and committees relating to health care and disease  
24 be identified and included as an expenditure, including the  
25 expense of this task force; and

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1           BE IT FURTHER RESOLVED that special funds with  
2 health-related purposes be identified and accounted for,  
3 including accounts of professional boards, undesignated funds  
4 in the risk management division of the general services  
5 department that are above actuarial estimates of solvency,  
6 health-related state investment council funds, the funds of the  
7 insurance division of the public regulation commission and any  
8 other funds that can be identified; and

9           BE IT FURTHER RESOLVED that funding used for the education  
10 of health professionals and distributed by the commission on  
11 higher education be identified and accounted for; and

12           BE IT FURTHER RESOLVED that the audit identify  
13 appropriations made to state entities that are expended outside  
14 of the state; and

15           BE IT FURTHER RESOLVED that the results of the audit be  
16 presented to the legislative health and human services  
17 committee and the legislative finance committee at their  
18 respective October 2006 meetings; and

19           BE IT FURTHER RESOLVED that copies of this memorial be  
20 sent to the director of the New Mexico health policy  
21 commission, the secretary of finance and administration, the  
22 secretary of health, the secretary of aging and long-term  
23 services, the secretary of children, youth and families, the  
24 secretary of human services, the secretary of corrections, the  
25 secretary of general services, the commission on higher

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1 education, the secretary of taxation and revenue and the  
2 secretary of public education.

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